

1940

**EIGHTY-SEVENTH**  
**ANNUAL REPORT**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**CHICAGO, BURLINGTON & QUINCY**  
**RAILROAD COMPANY**  
**TO THE**  
**STOCKHOLDERS**

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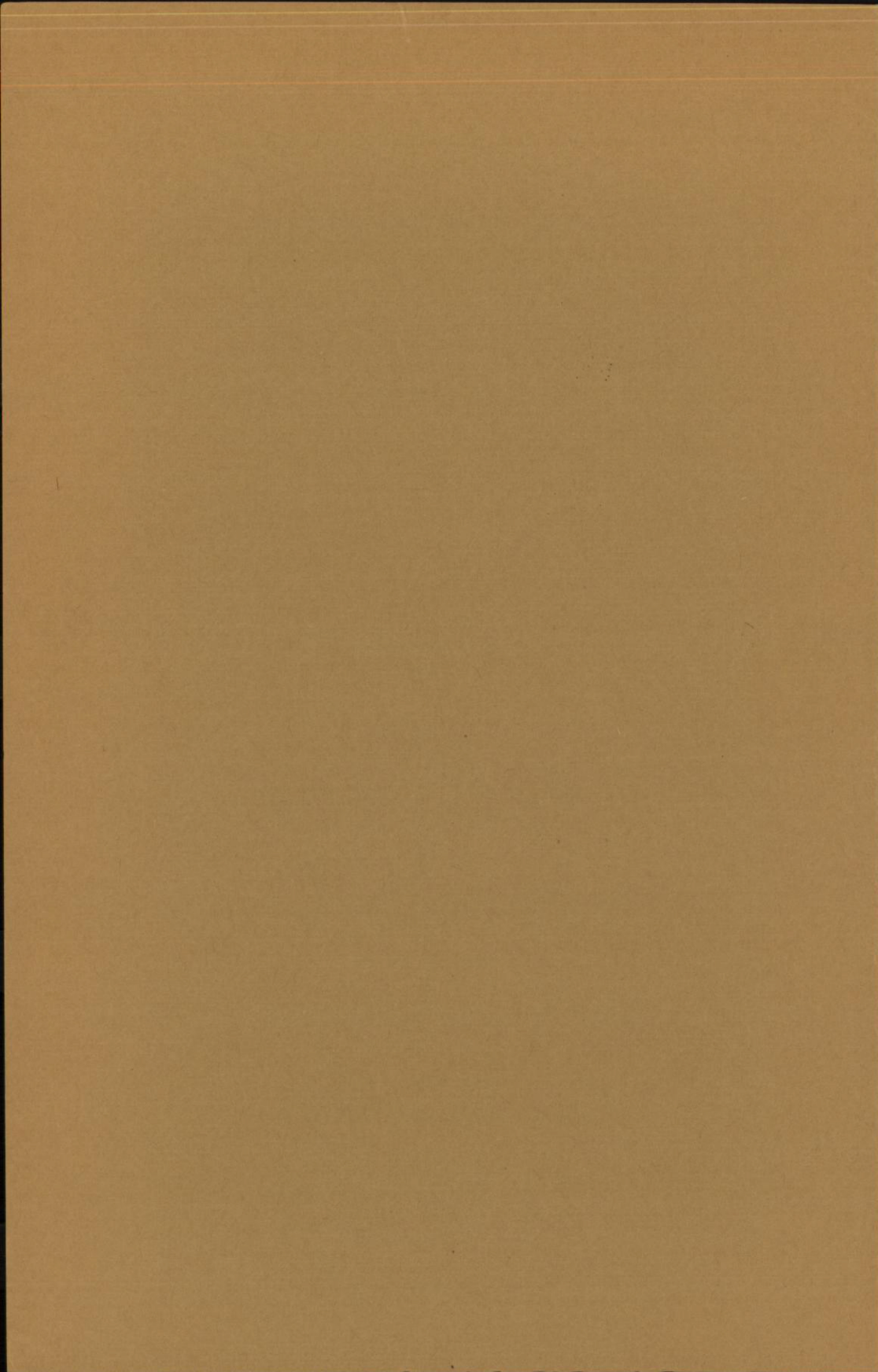
**FOR THE YEAR ENDED DECEMBER 31, 1940**



STRAWBOARDS

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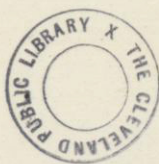
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**FOR THE YEAR ENDED DECEMBER 31, 1940**



# CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

## DIRECTORS

*Term expires 1941*

ARTHUR CURTISS JAMES..NEW YORK  
GRENVILLE KANE .....NEW YORK  
R. DOUGLAS STUART.....CHICAGO

*Term expires 1943*

HINCKLEY G. ATWOOD....CHICAGO  
\*STEPHEN BIRCH.....NEW YORK  
CHARLES I. STURGIS.....CHICAGO

*Term expires 1942*

EDWARD FLYNN .....CHICAGO  
JAMES CHARLES JAMES....CHICAGO  
WALLACE C. WINTER.....CHICAGO

*Term expires 1944*

RALPH BUDD .....CHICAGO  
CHARLES E. DENNEY.....ST. PAUL  
FRANK J. GAVIN.....ST. PAUL

\*Deceased December 29, 1940.

## EXECUTIVE COMMITTEE

|                   |                      |
|-------------------|----------------------|
| RALPH BUDD .....  | CHAIRMAN             |
| *STEPHEN BIRCH    | FRANK J. GAVIN       |
| CHARLES E. DENNEY | ARTHUR CURTISS JAMES |
| EDWARD FLYNN      | GRENVILLE KANE       |

\*Deceased December 29, 1940.

## GENERAL OFFICERS

RALPH BUDD .....*President, Chicago*  
EDWARD FLYNN .....*Executive Vice President, Chicago*  
LAWRENCE R. CAPRON.....*Vice President, Chicago*  
JAMES CHARLES JAMES ...*Vice President and General Counsel, Chicago*  
THOMAS J. THOMAS.....*Assistant to President, Chicago*  
HARRY C. MURPHY.....*Assistant Vice President, Chicago*  
ANDREW T. WILLIAMS.....*Treasurer and Assistant Secretary, Chicago*  
EDITH JARVIS ALDEN.....*Secretary, Assistant Treasurer, and Transfer Agent, Chicago*  
BERT VICKERY .....*Assistant Treasurer, Chicago*  
ARTHUR D. McLANE.....*Assistant Secretary, Chicago*  
WALTER McFARLAND .....*Assistant General Counsel, Chicago*  
ELDON M. MARTIN.....*General Solicitor, Chicago*  
HERBERT W. JOHNSON.....*Comptroller, Chicago*  
SHIRLEY L. PORTER.....*General Auditor, Chicago*  
FRANK T. DARROW.....*Chief Engineer, Chicago*  
WILLIAM W. HENDERSON...*Transfer Agent, Chicago*

|                          |                                                                         |
|--------------------------|-------------------------------------------------------------------------|
| NICHOLAS STOCKHAMMER }   | <i>Fiscal Agents, 2 Wall Street, New York</i>                           |
| HARRY F. SMITH..... }    |                                                                         |
| EUGENE A. BERNHOLZ.... } | <i>Transfer Agents, 2 Wall Street, New York</i>                         |
| WILLIAM H. VANDERCAR. }  |                                                                         |
| STATE STREET TRUST }     | <i>Fiscal Agent and Transfer Agent, State and Congress Sts., Boston</i> |
| COMPANY .....            |                                                                         |

The above were Directors and Officers as of December 31, 1940.



**TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY  
RAILROAD COMPANY:**

**The following is the report of your Board of Directors for the  
year ended December 31, 1940:**

**COMPARATIVE STATEMENT OF INCOME,  
YEARS ENDED DECEMBER 31**

| Percent of<br>Ry. Oper.<br>Revenue | 1940             | RAILWAY OPERATING REVENUES                      | 1939             | Percent of<br>Ry. Oper.<br>Revenue |
|------------------------------------|------------------|-------------------------------------------------|------------------|------------------------------------|
| 80.10                              | \$ 78,198,344.31 | ..... Freight.....                              | \$ 76,853,602.61 | 79.95                              |
| 9.18                               | 8,964,197.33     | ..... Passenger.....                            | 9,167,835.40     | 9.54                               |
| 4.41                               | 4,305,829.95     | ..... Mail.....                                 | 4,189,777.05     | 4.36                               |
| 1.61                               | 1,573,992.96     | ..... Express.....                              | 1,526,822.65     | 1.59                               |
| 2.54                               | 2,482,651.41     | ..... All other transportation.....             | 2,340,098.23     | 2.43                               |
| 1.74                               | 1,701,781.51     | ..... Incidental.....                           | 1,675,277.25     | 1.74                               |
| .42                                | 404,444.66       | ..... Joint facility.....                       | 378,381.16       | .39                                |
| 100.00                             | \$ 97,631,242.13 | .... Total railway operating revenues ...       | \$ 96,131,794.35 | 100.00                             |
|                                    |                  | <b>RAILWAY OPERATING EXPENSES</b>               |                  |                                    |
| 13.68                              | \$ 13,353,278.62 | ... Maintenance of way and structures...        | \$ 12,844,765.00 | 13.36                              |
| 17.19                              | 16,783,688.37    | ..... Maintenance of equipment.....             | 17,381,993.33    | 18.08                              |
| 2.99                               | 2,915,181.15     | ..... Traffic.....                              | 2,931,085.31     | 3.05                               |
| 36.13                              | 35,277,423.20    | ..... Transportation.....                       | 34,256,995.99    | 35.64                              |
| 1.21                               | 1,183,743.22     | ..... Miscellaneous operations.....             | 1,174,803.71     | 1.22                               |
| 2.60                               | 2,540,156.88     | ..... General.....                              | 2,492,003.75     | 2.59                               |
| Cr. .20                            | Cr. 199,598.74   | Transportation for Investment—Credit.           | Cr. 195,751.15   | Cr. .20                            |
| 73.60                              | \$ 71,853,872.70 | .... Total railway operating expenses ...       | \$ 70,885,895.94 | 73.74                              |
| 26.40                              | \$ 25,777,369.43 | ... Net revenue from railway operations...      | \$ 25,245,898.41 | 26.26                              |
|                                    | \$ 8,697,632.09  | ..... Railway tax accruals.....                 | \$ 8,616,802.38  |                                    |
|                                    | \$ 17,079,737.34 | ..... Railway operating income.....             | \$ 16,629,096.03 |                                    |
|                                    | Dr. 1,952,935.34 | ..... Hire of equipment—Net.....                | Dr. 2,227,271.14 |                                    |
|                                    | Dr. 2,044,024.34 | ..... Joint facility rents—Net.....             | Dr. 2,131,373.01 |                                    |
|                                    | \$ 13,082,777.66 | ..... Net railway operating income.....         | \$ 12,270,451.88 |                                    |
|                                    |                  | <b>OTHER INCOME</b>                             |                  |                                    |
|                                    | \$ 761,538.83    | ..... Miscellaneous rent income.....            | \$ 760,309.92    |                                    |
|                                    | 290,847.53       | ..... Dividends and miscellaneous interest...   | 353,162.83       |                                    |
|                                    | 18,145.37        | ..... Miscellaneous income.....                 | 21,492.32        |                                    |
|                                    | \$ 1,070,531.73  | ..... Total other income.....                   | \$ 1,134,965.07  |                                    |
|                                    | \$ 14,153,309.39 | ..... Total income.....                         | \$ 13,405,416.95 |                                    |
|                                    |                  | <b>MISCELLANEOUS DEDUCTIONS<br/>FROM INCOME</b> |                  |                                    |
|                                    | \$ 95,946.62     | ..... Miscellaneous rents.....                  | \$ 92,132.82     |                                    |
|                                    | 6,347.36         | ..... Miscellaneous income charges.....         | 6,479.77         |                                    |
|                                    | \$ 102,293.98    | .... Total miscellaneous deductions....         | \$ 98,612.59     |                                    |
|                                    | \$ 14,051,015.41 | Income available for fixed charges...           | \$ 13,306,804.36 |                                    |
|                                    |                  | <b>FIXED CHARGES</b>                            |                  |                                    |
|                                    | \$ 81,142.87     | .. Rent for leased roads and equipment..        | \$ 85,228.30     |                                    |
|                                    | 9,320,917.78     | ..... Interest on funded debt.....              | 9,376,771.02     |                                    |
|                                    | 104,033.95       | ..... Interest on unfunded debt.....            | 30,093.13        |                                    |
|                                    | 152,056.94       | .. Amortization of discount on funded debt..    | 153,372.56       |                                    |
|                                    | \$ 9,658,151.54  | ..... Total fixed charges.....                  | \$ 9,645,465.01  |                                    |
|                                    | \$ 4,392,863.87  | ..... Income after fixed charges.....           | \$ 3,661,339.35  |                                    |
|                                    |                  | <b>DISPOSITION OF NET INCOME</b>                |                  |                                    |
|                                    | \$ 3,416,774.00  | .... Dividend appropriations of income ...      | \$ 3,416,774.00  |                                    |
|                                    |                  | Income balance transferred to profit and        |                  |                                    |
|                                    | \$ 976,089.87    | ..... loss.....                                 | \$ 244,565.35    |                                    |

No excess profits taxes accrued or were payable for the year 1940.

## STATISTICS OF OPERATIONS

| ITEMS                                          | 1940           | 1939          |
|------------------------------------------------|----------------|---------------|
| Average mileage of road operated.....          | 8,973.21       | 8,973.06      |
| Actual miles road operated, end of year.....   | 8,958.00       | 9,018.44      |
| <b>TRAIN-MILES</b>                             |                |               |
| Freight.....                                   | 13,665,029     | 13,479,993    |
| Passenger.....                                 | 13,926,122     | 14,075,820    |
| Total transportation service.....              | 27,591,151     | 27,555,813    |
| Work service.....                              | 84,813         | 82,713        |
| <b>LOCOMOTIVE-MILES</b>                        |                |               |
| Freight.....                                   | 14,521,125     | 14,387,239    |
| Passenger.....                                 | 11,216,131     | 11,437,782    |
| Train and yard switching.....                  | 6,282,579      | 6,114,930     |
| Total transportation service.....              | 32,019,835     | 31,939,951    |
| Work service.....                              | 447,213        | 444,424       |
| <b>CAR-MILES</b>                               |                |               |
| Loaded freight cars.....                       | 412,811,564    | 392,448,059   |
| Empty freight cars.....                        | 244,186,427    | 231,275,100   |
| Sum of loaded and empty.....                   | 656,997,991    | 623,723,159   |
| Caboose.....                                   | 13,850,768     | 13,174,624    |
| Total freight cars.....                        | 670,848,759    | 636,897,783   |
| Coach and combination passenger cars.....      | 26,599,828     | 27,324,212    |
| Sleeping and parlor.....                       | 22,663,860     | 23,088,987    |
| Club, lounge, dining and observation.....      | 9,555,119      | 8,947,968     |
| Other.....                                     | 34,878,287     | 34,545,751    |
| Total passenger cars.....                      | 93,697,094     | 93,906,918    |
| Total transportation service.....              | 764,545,853    | 730,804,701   |
| Work service.....                              | 811,565        | 858,025       |
| <b>FREIGHT SERVICE</b>                         |                |               |
| Tons—revenue freight.....                      | 31,014,014     | 29,419,597    |
| Tons—revenue and non-revenue freight.....      | 35,963,508     | 34,654,243    |
| Ton-miles—revenue freight.....                 | 8,972,422,684  | 8,417,254,230 |
| Ton-miles—revenue and non-revenue freight..... | 10,320,364,400 | 9,793,601,400 |
| <b>PASSENGER SERVICE</b>                       |                |               |
| Passengers carried—revenue.....                | 8,184,716      | 7,909,151     |
| Passenger miles—revenue.....                   | 539,670,384    | 544,510,004   |

## STATISTICS OF OPERATIONS—Continued

| ITEMS                                        | 1940        | 1939        |
|----------------------------------------------|-------------|-------------|
| <b>AVERAGES PER MILE OF ROAD</b>             |             |             |
| Freight-train miles.....                     | 1,529       | 1,511       |
| Passenger-train miles.....                   | 1,878       | 1,931       |
| Transportation service train-miles.....      | 3,075       | 3,071       |
| Transportation service locomotive-miles..... | 3,568       | 3,560       |
| Freight service car-miles.....               | 75,049      | 71,384      |
| Passenger service car-miles.....             | 12,633      | 12,879      |
| Freight revenue.....                         | \$ 8,748.16 | \$ 8,613.83 |
| Passenger service train revenue.....         | \$ 2,050.46 | \$ 2,091.79 |
| Operating revenues.....                      | \$10,880.30 | \$10,713.38 |
| "    expenses.....                           | \$ 8,007.60 | \$ 7,899.86 |
| Net operating revenues.....                  | \$ 2,872.70 | \$ 2,813.52 |
| Net railway operating income.....            | \$ 1,457.98 | \$ 1,367.48 |
| Ton-miles—revenue freight.....               | 1,003,758   | 943,414     |
| "    "—all freight.....                      | 1,154,554   | 1,097,676   |
| Passenger-miles—revenue.....                 | 72,764      | 74,680      |
| <b>AVERAGES PER TRAIN-MILE</b>               |             |             |
| Loaded freight car-miles.....                | 30.21       | 29.11       |
| Empty freight car-miles.....                 | 17.87       | 17.16       |
| Ton-miles—revenue freight.....               | 656.60      | 624.43      |
| "    "—all freight.....                      | 755.24      | 726.53      |
| Passenger train car-miles.....               | 6.73        | 6.67        |
| Revenue passenger-miles.....                 | 38.75       | 38.68       |
| Freight revenue.....                         | \$ 5.72     | \$ 5.70     |
| Passenger service train revenue.....         | \$ 1.09     | \$ 1.08     |
| Operating revenues.....                      | \$ 3.54     | \$ 3.49     |
| Operating expenses.....                      | \$ 2.60     | \$ 2.57     |
| Net operating revenues.....                  | \$ .94      | \$ .92      |
| <b>AVERAGES PER LOADED FREIGHT CAR-MILE</b>  |             |             |
| Ton-miles—revenue freight.....               | 21.73       | 21.45       |
| "    "—all freight.....                      | 25.00       | 24.96       |
| Freight revenue.....                         | \$ 18943    | \$ 19583    |
| <b>AVERAGES PER CAR-MILE PASSENGER</b>       |             |             |
| Passenger-miles—revenue.....                 | 11.46       | 11.31       |
| Passenger revenue.....                       | \$ 19028    | \$ 19045    |
| <b>MISCELLANEOUS AVERAGES</b>                |             |             |
| Miles hauled—revenue freight.....            | 289.30      | 286.11      |
| "    "—non-revenue freight.....              | 272.34      | 262.93      |
| "    "—all freight.....                      | 286.97      | 282.61      |
| "    " carried—revenue passengers.....       | 65.94       | 68.85       |
| Revenue per ton of freight.....              | \$ 2.52139  | \$ 2.61233  |
| "    " ton-mile of freight.....              | \$ .00872   | \$ .00913   |
| "    " passenger.....                        | \$ 1.09524  | \$ 1.15914  |
| "    " passenger-mile.....                   | \$ .01661   | \$ .01684   |
| Operating ratio.....                         | 73.60       | 73.74       |

**OPERATING REVENUES:**

Total Operating Revenues for 1940.....\$97,631,242  
 Total Operating Revenues for 1939.....96,131,794

Increase .....\$ 1,499,448 1.56%

The increase was as follows:

|                                          |                    |        |
|------------------------------------------|--------------------|--------|
| Freight .....                            | \$ 1,344,741       | 1.75%  |
| Passenger .....                          | (Decrease) 203,638 | 2.22%  |
| Mail .....                               | 116,053            | 2.77%  |
| Express .....                            | 47,170             | 3.09%  |
| Other Transportation Revenue.....        | 142,553            | 6.09%  |
| Demurrage .....                          | 19,283             | 18.24% |
| Other Incidental Operating Revenues..... | 33,286             | 1.71%  |

Total Increase .....\$ 1,499,448 1.56%

**FREIGHT:**

Comparison by classes of commodities 1940 with 1939:

|                                      | 1940<br>Revenue# | Increase    | 1940<br>Tons | Increase  |
|--------------------------------------|------------------|-------------|--------------|-----------|
| Products of Agriculture.....         | \$14,956,349     | \$ 217,843* | 6,032,202    | 126,953   |
| Animals and Products.....            | 7,990,432        | 181,773*    | 1,376,561    | 44,490    |
| Products of Mines.....               | 16,732,501       | 1,122,601   | 12,336,569   | 588,065   |
| Products of Forests.....             | 4,843,223        | 316,902     | 1,689,581    | 142,434   |
| Manufactures and Miscellaneous ..... | 33,091,184       | 1,430,584   | 9,129,702    | 806,589   |
| Less Carload Freight.....            | 6,071,674        | 531,486*    | 449,399      | 114,114*  |
| Total .....                          | \$83,685,363     | \$1,938,985 | 31,014,014   | 1,594,417 |

\*Decrease.

#Gross freight revenue stated without adjustment for absorptions or corrections.

Revenue tons carried, 1940.....31,014,014  
 Revenue tons carried, 1939.....29,419,597

Increase in 1940.....1,594,417 5.42%  
 Revenue tons carried, 10-year average, 1931-1940....28,216,220  
 Number carloads—revenue freight (all commodities),  
 1940 .....996,830  
 Number carloads—revenue freight (all commodities),  
 1939 .....939,635

Increase in 1940.....57,195 6.09%  
 Number carloads—revenue freight (all commodities),  
 10-year average, 1931-1940.....915,121

The 5.42% greater volume of freight traffic was handled with an increase of 1.37% in train miles.

The average revenue per ton mile decreased from .913 cent in 1939 to .872 cent in 1940, or 4.49%.

**PASSENGER:**

Passenger revenue decreased \$203,638 in 1940 compared with 1939, or 2.22%, due largely to unsettled conditions which affected vacation travel.

Passenger train miles decreased, 1940 compared with 1939, 149,698 miles, or 1.06%.

Exclusive of suburban traffic, the average distance traveled per passenger in 1940 was 139.8 miles compared with 145.6 miles in 1939, a decrease of 5.8 miles per passenger.

Average revenue per passenger-mile, exclusive of suburban travel, in 1940 was 1.78 cents compared with 1.79 cents in 1939, indicating a continued increase in the lower fare coach travel.

Mail revenue in 1940 was \$4,305,830, an increase of 2.77%, and express \$1,573,993, an increase of 3.09%.

### OPERATING EXPENSES:

Gross revenue increased \$1,499,448 or 1.56% over 1939. Total operating expenses increased \$967,977 or 1.37%. Operating ratio decreased from 73.74 in 1939 to 73.60 in 1940.

1,900,000 new creosoted ties were placed in track. Also, 28 miles of track were relaid with new 131-pound rail and 139 miles with new 112-pound rail. During the year track and roadway were maintained in splendid condition to meet the demands of high-speed freight and passenger service.

A reduction of \$703,670, or 5.79%, in maintenance of equipment expenses, exclusive of depreciation and retirement charges, reflects the use of modern cars and locomotives. Rolling stock was adequately maintained.

Transportation expenses increased \$1,020,427, or 2.98%. The transportation ratio increased from 35.64 in 1939 to 36.13 in 1940. Gross ton miles per train hour for the third consecutive year constituted the most favorable Burlington performance of record, as follows:

|            |        |
|------------|--------|
| 1938 ..... | 30,357 |
| 1939 ..... | 32,145 |
| 1940 ..... | 33,178 |

### EXPENDITURES (Capital):

No new lines were constructed during the year.

Net increase in Capital Account during the year was as follows:

|                     |            |
|---------------------|------------|
| For road .....      | \$ 523,815 |
| For equipment ..... | 5,161,264  |
| For general .....   | Cr. 4,731  |

|             |             |
|-------------|-------------|
| Total ..... | \$5,680,348 |
|-------------|-------------|

Abandonment of following unprofitable branch lines resulted in a credit of \$794,676 to Capital Account:

|                                               |             |
|-----------------------------------------------|-------------|
| Kasbeer, Ill., to Walnut, Ill. ....           | 6.98 miles  |
| Greeley Center, Nebr., to Ericson, Nebr. .... | 18.16 miles |
| Ayr Jct., Nebr., to Clay Center, Nebr. ....   | 25.08 miles |

|             |             |
|-------------|-------------|
| Total ..... | 50.22 miles |
|-------------|-------------|

Capital charges for improvement and replacement of bridges amounted to \$185,651.

At Omaha, Nebraska, a modern travel headquarters at 19th and Farnum Streets was completed at a capital cost of \$27,572, of which \$7,452 was expended in 1940.

At East Moline, Moline, and Rock Island, the State of Illinois, the three municipalities and four railroads, including Burlington, are

participating in grade crossing protection at an estimated cost of \$153,984. The State will assume \$100,000, balance to be assumed by the four railroads. Burlington's proportion of capital cost, \$19,568. \$557 was charged to capital in 1940.

To effect economies and facilitate administration, title to certain property at Kansas City, St. Louis, and St. Joseph, Missouri, and Omaha, Nebraska, was transferred from the St. Louis and Kansas City Land Company, a subsidiary, to the Burlington. Capital charge \$609,124.

In connection with replacement, by the State, of an overhead crossing at Bucklin, Missouri, it was necessary to lower and relocate Burlington tracks and relocate station facilities. Estimated capital cost \$54,035, of which \$13,467 was expended in 1940. Burlington owned and maintained former crossing. State will build and maintain new crossing.

Brookfield, Missouri. Grade separation at Main Street crossing necessitated rearranging and reconstructing Burlington main line and ten yard tracks and other facilities; also rebuilding a coal chute which was partially destroyed by cyclone a few years ago. The State of Missouri will assume cost of constructing subway and approaches and will reimburse Burlington for expense incurred in reconstructing and rearranging railroad facilities. Construction of coal chute and improved railroad facilities at an estimated capital cost of \$102,000 will be assumed by Burlington. Capital expenditure in 1940 was \$8,745.

At St. Louis, Missouri, obsolete and inadequate facilities for handling produce traffic at Carr and Franklin Streets were reconstructed at a capital cost of \$24,533.

At Casper, Wyoming, work was started on a subway at Center Street at a capital cost of \$66,194, of which the State will assume \$64,723. Burlington capital cost, \$1,471. Project is 60% completed.

At Clyde, Illinois, a 135-foot continuous deck type turntable was installed, releasing a 100-foot truss type turntable for use elsewhere. Capital cost, \$13,309.

#### ADDITIONS TO EQUIPMENT:

##### New Rolling Stock Delivered in 1940:

- 1— 360 h.p. Diesel-electric switcher.
- 7— 600 h.p. Diesel-electric switchers.
- 2—1,000 h.p. Diesel-electric switchers.
- 3—4,000 h.p. Diesel-electric passenger locomotives.
- 2—2,000 h.p. Diesel-electric passenger locomotives.
- 3—Stainless steel baggage cars.
- 2—Stainless steel baggage-mail cars.
- 11—Stainless steel air-conditioned chair cars.
- 3—Stainless steel air-conditioned dining-lounge cars.
- 1—Air-conditioned business car.

##### Built in Company Shops:

- 10—4-8-4 Steam freight-passenger locomotives (Class 0-5-A).
- 100—53' 6" 50-ton all steel flat cars.
- 100—29' 3" 70-ton all steel covered hopper cement cars.
- 15—65' 6" 70-ton all steel mill type cars.
- 250—34' 3" 55-ton all steel hopper cars.

- 25—50' 6" 50-ton steel sheathed box cars with perforated lining for handling automobile and farm implement parts.
- 50—40' 6" 50-ton all steel box cars equipped with steel wheels, signal and air lines for use in either freight or passenger service.
- 206—40' 6" 50-ton all steel box cars.

#### New Equipment to Be Built in 1941:

##### *Outside Shops:*

- 4— 360 h.p. Diesel-electric switchers.
- 6— 600 h.p. Diesel-electric switchers.
- 15—1,000 h.p. Diesel-electric switchers.
- 2—4,000 h.p. Diesel-electric passenger locomotives.
- 1—Passenger car, Van Dorn suspension type.
- 250—40' 8" 70-ton all steel ballast cars.

##### *Company Shops:*

- 225—50' 6" 50-ton all steel automobile cars equipped with loading device.
- 500—50' 6" 50-ton all steel box cars (100 with end doors).
- 1,744—40' 6" 50-ton all steel box cars.
- 25—50' 6" 50-ton steel sheathed box cars with perforated lining for handling automobile and farm implement parts.
- 200—34' 3" 55-ton all steel hopper cars.

#### **PRODUCE TERMINALS:**

At Kansas City, Missouri, work on the new produce terminal, to be operated jointly with the Missouri Pacific, Santa Fe, and Rock Island, was 85% complete at end of year.

#### **INDUSTRIAL:**

During the year two hundred and forty-two new industrial leases were executed covering railroad property, and there were one hundred and sixty-three cancellations, leaving a net of seventy-nine new industrial leases on railroad property. In addition, forty-eight new industries were located on private property served by Burlington tracks; fourteen industries made additions to existing plants and twenty-five new industries located on terminal trackage. Twenty-three new industry tracks and extensions to existing tracks were built and four temporary tracks for contractors were installed.

Burlington is cooperating fully with the Federal Government in furthering the National Defense program. Certain facilities in connection therewith have been constructed or enlarged in states served by Burlington rails.

#### **AGRICULTURE:**

While estimated farm income from crops and livestock in states served by Burlington Lines increased \$344,792,000 (10.7%), there was a decrease of \$24,602,000 (6%) in government payments, leaving an 8.8% increase in total cash farm receipts. Despite reduced plantings and early winter drouth, wheat, due to favorable spring weather, produced 35,514,000 bushels (9.7%) more than the 1939 crop. However, our most important wheat state, Nebraska, produced 1,555,000 (4.3%) fewer bushels than in 1939. Government loans resulted in greater storage of grain on farms and in interior mills and elevators, reducing the amount available for movement into channels of trade. Corn pro-

duction decreased 5.6%; oats increased 36%; barley increased 17.5%; soybeans, important new crop on lines east of the Missouri River, decreased 12% (7,287,000 bushels) compared with 1939. Production of hay and forage crops was good; potato harvest increased 8.2%, and sugar beets, important western crop, increased 25.7% over the 1939 crop.

Development of irrigation by the Federal Government continued on a large scale in states west of the Missouri River. When completed this development is expected to offset to some extent the decline in population which has taken place in those states during the past several years of drouth.

In states served by Burlington Lines there was an increase of 1,485,000 acres (5%) sown to fall wheat for harvest in 1941. Nebraska plantings increased 332,000 acres (10.9%) over acreage of the previous year. Wheat estimated to be in storage on farms, in interior elevators and in terminals in Burlington states increased 81,645,000 bushels (35%). During the year cattle on farms increased 5% and sheep 4%; swine decreased 15%.

#### **TAXES:**

During the year tax accruals, including railroad pension and unemployment taxes, amounted to \$8,697,632, an increase of \$80,830 over 1939. Taxes accrued in 1940 equaled \$5.09 per share of capital stock and 8.91% of gross operating revenue. No excess profits taxes accrued or were payable for year 1940.

#### **PENSIONS AND UNEMPLOYMENT INSURANCE:**

In 1940 pension costs totaled \$1,445,604, as follows: \$1,345,116 accrued for Federal taxes for pensions, \$87,534 paid for supplementary pensions, and \$12,954 for administrative expenses.

Accruals for Federal Unemployment Insurance taxes during the year were \$1,345,917.

#### **RELIEF DEPARTMENT:**

The annual report of the Relief Department (available on request) shows payments from the Relief Fund of \$614,754 in disability and death benefits during the year.

#### **RAILROAD CREDIT CORPORATION:**

Burlington contribution to Railroad Credit Corporation, derived from increases in freight rates under Ex Parte No. 103 from January, 1932, to March, 1933, inclusive, amounted to \$1,726,871. Repayments amounting to \$1,364,228 have been received, of which \$91,449 was applied as interest and \$1,272,779 reducing contributions. Balance due on contributions, December 31, 1940, \$454,092.

#### **BURLINGTON TRANSPORTATION COMPANY:**

During the year 1940, the Bus Division operated 13.4 million bus miles over 7,945 route miles at a net operating loss of \$86,923 compared with a net loss in 1939 of \$79,827. Operating revenues in 1940 increased \$340,472, or 18.21% over 1939; operating expenses increased \$341,665, or 17.45%. Bus miles increased 1,866,309, or 16.18%.

The continuance of the practice of improving depot facilities and quality of service generally has aided materially in obtaining a greater volume of business. Nineteen buses were added; fifteen diesel powered, air-conditioned 33-passenger and four 13-passenger capacity. Ten Cruiser type diesel powered, air-conditioned 33-passenger capacity buses were ordered in 1940 for delivery in 1941.

The Truck Division during the year 1940 operated 4.4 million truck miles over 3,173 route miles at a net profit of \$96,640 compared to a net profit in 1939 of \$70,392. Operating revenues in 1940 increased \$107,241, or 12.94% over 1939; operating expenses increased \$79,361, or 10.47%. Truck miles increased 393,240, or 9.74%.

Twenty-nine additional units of equipment were added: fourteen tractors, thirteen semi-trailers, and two trucks.

The higher operating cost in both Bus and Truck Divisions is partially attributable to compliance with the 40 and 42 hour week and an increase in drivers' and shop employees' pay.

#### **NINETIETH ANNIVERSARY YEAR:**

On September 2, 1850, the first train was operated on track which became part of the Burlington system, and on October 21 of that year service was inaugurated between Chicago and Aurora. To mark these events and to illustrate the Company's progress during ninety years, an historical train visited a number of Burlington main line cities during 1940. An exhibit consisting of a series of historical posters has been on display in several eastern cities, and is now making a tour of the Burlington system. A limited number of copies of an attractive forty-page illustrated booklet, "The First Ninety Years," are available and may be had upon request.

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The death on December 29, 1940, of Stephen Birch, who was a Director and a member of the Executive Committee since 1924, is recorded with deep regret.

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The Board of Directors takes this opportunity to express its appreciation of the efficient and wholehearted cooperation of its officers and employees.

By order of the Board of Directors.

RALPH BUDD, President.

### INVESTMENT IN ROAD AND EQUIPMENT CURRENT YEAR

| Account                                                                                                   | Additions and<br>Betterments |
|-----------------------------------------------------------------------------------------------------------|------------------------------|
| Engineering .....                                                                                         | Cr. \$ 15,094.79             |
| Land for transportation purposes.....                                                                     | 587,510.34                   |
| Other R.O.W. expenditures.....                                                                            | 3,869.43                     |
| Grading .....                                                                                             | Cr. 174,767.38               |
| Tunnels and subways.....                                                                                  | 10,243.92                    |
| Bridges, trestles and culverts.....                                                                       | 322,807.96                   |
| Ties .....                                                                                                | Cr. 269,859.86               |
| Rails .....                                                                                               | Cr. 3,596.34                 |
| Other track material.....                                                                                 | 378,673.79                   |
| Ballast .....                                                                                             | 195,978.55                   |
| Track laying and surfacing.....                                                                           | Cr. 77,013.04                |
| Fences, snow sheds and signs.....                                                                         | Cr. 29,885.93                |
| Crossings and signs.....                                                                                  | Cr. 186,170.25               |
| Station and office buildings.....                                                                         | Cr. 59,076.18                |
| Roadway buildings .....                                                                                   | Cr. 47,773.66                |
| Water stations .....                                                                                      | Cr. 40,109.55                |
| Fuel stations .....                                                                                       | Cr. 29,796.91                |
| Shops and engine houses.....                                                                              | Cr. 290,087.34               |
| Grain elevators .....                                                                                     | Cr. 21.50                    |
| Storage warehouses .....                                                                                  | Cr. 4,106.92                 |
| Telegraph and telephone lines.....                                                                        | 204,679.85                   |
| Signals and interlockers.....                                                                             | 34,257.22                    |
| Power plants .....                                                                                        | 18,674.13                    |
| Power transmission systems.....                                                                           | Cr. 1,006.38                 |
| Miscellaneous structures .....                                                                            | 2,176.61                     |
| Roadway machines .....                                                                                    | Cr. 17,451.14                |
| Roadway small tools.....                                                                                  | 3,579.15                     |
| Public improvements—Construction .....                                                                    | 138,137.94                   |
| Other expenditures—Road .....                                                                             | 4,252.19                     |
| Shop machinery .....                                                                                      | Cr. 108,242.84               |
| Power plant machinery.....                                                                                | Cr. 26,965.31                |
| <hr/>                                                                                                     |                              |
| Total expenditures for road.....                                                                          | \$ 523,815.76                |
| <hr/>                                                                                                     |                              |
| Steam locomotives .....                                                                                   | \$1,014,014.71               |
| Other locomotives .....                                                                                   | 2,094,333.14                 |
| Freight-train cars .....                                                                                  | 832,510.88                   |
| Passenger-train cars .....                                                                                | 1,361,141.12                 |
| Work equipment .....                                                                                      | Cr. 142,054.02               |
| Miscellaneous equipment .....                                                                             | 1,317.86                     |
| <hr/>                                                                                                     |                              |
| Total expenditures for equipment.....                                                                     | \$5,161,263.69               |
| <hr/>                                                                                                     |                              |
| Interest during construction.....                                                                         | Cr. \$ 4,730.98              |
| <hr/>                                                                                                     |                              |
| Grand Total .....                                                                                         | \$5,680,348.47               |
| <hr/>                                                                                                     |                              |
| The above figures include credits for abandonment of branch lines and retirement of equipment as follows: |                              |
| Kasbeer to Walnut, Ill. (6.98 miles).....                                                                 | \$ 121,878.89                |
| Greeley Center to Ericson, Nebr. (18.16 miles).....                                                       | 234,063.71                   |
| Ayr Jct. to Clay Center, Nebr. (25.08 miles).....                                                         | 438,732.62                   |
| Equipment retirements .....                                                                               | 2,017,143.80                 |
| <hr/>                                                                                                     |                              |
|                                                                                                           | \$2,811,819.02               |

| EQUIPMENT<br>CLASS                                   | Number<br>on Dec.<br>31, 1939 | Number<br>Added<br>During<br>Year | Number<br>Retired<br>During<br>Year | Number<br>on Dec.<br>31, 1940 | Average tractive<br>power all<br>locomotives<br>and average<br>capacity all<br>freight cars |
|------------------------------------------------------|-------------------------------|-----------------------------------|-------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------|
| Locomotives—Steam.....                               | 1,012                         | 10                                | 18                                  | 1,004                         | .....                                                                                       |
| Other locomotives.....                               | 26                            | 15                                | 1                                   | 40                            | .....                                                                                       |
|                                                      |                               |                                   |                                     |                               | Lbs.                                                                                        |
| Total locomotives.....                               | 1,038                         | 25                                | 19                                  | 1,044                         | 50,029                                                                                      |
| Freight-train cars—Box cars                          | 21,038                        | 281                               | 503                                 | 20,816                        | .....                                                                                       |
| Flat cars.....                                       | 1,774                         | 100                               | 182                                 | 1,692                         | .....                                                                                       |
| Stock cars.....                                      | 3,791                         | .....                             | 110                                 | 3,681                         | .....                                                                                       |
| Gondola and Hopper (Coal<br>and Coke).....           | 14,165                        | 365                               | 118                                 | 14,412                        | .....                                                                                       |
| Caboose cars.....                                    | 573                           | .....                             | 2                                   | 571                           | .....                                                                                       |
| Other freight-train cars...                          | 101                           | .....                             | 27                                  | 74                            | .....                                                                                       |
|                                                      |                               |                                   |                                     |                               | Tons                                                                                        |
| All classes of freight-train<br>cars.....            | 41,442                        | 746                               | 942                                 | 41,246                        | 44.64                                                                                       |
| Pass.-train cars—Coaches...                          | 378                           | 11                                | 16                                  | 373                           | .....                                                                                       |
| Combination coach cars...                            | 60                            | 1                                 | 9                                   | 52                            | .....                                                                                       |
| Parlor cars.....                                     | 4                             | .....                             | 2                                   | 2                             | .....                                                                                       |
| Dining cars.....                                     | 33                            | 4                                 | .....                               | 37                            | .....                                                                                       |
| Club, lounge and observa-<br>tion cars.....          | 11                            | 2                                 | 2                                   | 11                            | .....                                                                                       |
| Postal cars.....                                     | 39                            | .....                             | 1                                   | 38                            | .....                                                                                       |
| Baggage, express and other<br>nonpassenger cars..... | 277                           | 5                                 | 4                                   | 278                           | .....                                                                                       |
| Total.....                                           | 802                           | 23                                | 34                                  | 791                           | .....                                                                                       |
| Passenger rail motor cars:                           |                               |                                   |                                     |                               |                                                                                             |
| Coaches.....                                         | .....                         | .....                             | .....                               | .....                         | .....                                                                                       |
| Combination coach cars...                            | 27                            | .....                             | 1                                   | 26                            | .....                                                                                       |
| Other passenger-train rail<br>motor cars.....        | 18                            | .....                             | .....                               | 18                            | .....                                                                                       |
| Total.....                                           | 45                            | .....                             | 1                                   | 44                            | .....                                                                                       |
| Number of articulated Zephyr<br>trains               | 6                             | .....                             | .....                               | 6                             | .....                                                                                       |
| Cars in articulated trains: ‡                        |                               |                                   |                                     |                               |                                                                                             |
| Coaches.....                                         | 10                            | .....                             | 2                                   | 8                             | .....                                                                                       |
| Combination coach cars...                            | 10                            | 2                                 | .....                               | 12                            | .....                                                                                       |
| Parlor and sleeping cars...                          | 16                            | .....                             | .....                               | 16                            | .....                                                                                       |
| Other passenger-train cars...                        | 10                            | .....                             | .....                               | 10                            | .....                                                                                       |
| Total.....                                           | 46                            | 2                                 | 2                                   | 46                            | .....                                                                                       |
| All classes of pass.-train cars                      | 893                           | 25                                | 37                                  | 881                           | .....                                                                                       |
| Company service equipment:                           |                               |                                   |                                     |                               |                                                                                             |
| Officers' and business cars.                         | 19                            | 1                                 | 5                                   | 15                            | .....                                                                                       |
| Ballast cars.....                                    | 950                           | 75                                | 108                                 | 917                           | .....                                                                                       |
| Derrick cars.....                                    | 5                             | .....                             | .....                               | 5                             | .....                                                                                       |
| Steam shovels.....                                   | 5                             | .....                             | .....                               | 5                             | .....                                                                                       |
| Wrecking cars.....                                   | 20                            | .....                             | 2                                   | 18                            | .....                                                                                       |
| Other company service cars                           | 2,434                         | 100                               | 175                                 | 2,359                         | .....                                                                                       |
| All classes of Co. service cars.                     | 3,433                         | 176                               | 290                                 | 3,319                         | .....                                                                                       |
| All classes of cars in service..                     | 45,768                        | 947                               | 1,269                               | 45,446                        | .....                                                                                       |

## LEASED EQUIPMENT

| CLASS OF<br>EQUIPMENT           | Number<br>Under Lease<br>on Dec. 31,<br>1939 | Number<br>Leased<br>During<br>Year | Number<br>Withdrawn<br>from Lease<br>During Year | Number<br>Under Lease<br>on Dec. 31,<br>1940 |
|---------------------------------|----------------------------------------------|------------------------------------|--------------------------------------------------|----------------------------------------------|
| Freight-refrigerator cars*..... | 1,710                                        | .....                              | 25                                               | 1,685                                        |
| Passenger-refrigerator cars*... | 30                                           | .....                              | .....                                            | 30                                           |
| Zephyr train No. 9901 cars#...  | 4                                            | .....                              | .....                                            | 4                                            |

‡10 cars not articulated.

\*Leased to Burlington Refrigerator Express Company.

#Leased to Burlington-Rock Island Railroad Company.

**GENERAL BALANCE SHEET**

December 31, 1940

**ASSETS**

## Investments:

|                                                  |                  |
|--------------------------------------------------|------------------|
| Investment in road and equipment.....            | \$608,322,264.35 |
| Improvements on leased railway property.....     | 154,434.19       |
| Deposits in lieu of mortgaged property sold..... | 32,095.76        |
| Miscellaneous physical property.....             | 5,125,685.00     |

## Investments in affiliated companies:

|                |                 |
|----------------|-----------------|
| Stocks .....   | \$26,585,643.95 |
| Notes .....    | 2,625,177.49    |
| Advances ..... | 9,098,894.76    |
|                | <hr/>           |
|                | 38,309,716.20   |

## Other investments:

|                     |                 |
|---------------------|-----------------|
| Stocks .....        | \$ 3,737,151.14 |
| Bonds .....         | 225,900.00      |
| Notes .....         | 121,138.85      |
| Advances .....      | 950.00          |
| Miscellaneous ..... | 88,762.00       |
|                     | <hr/>           |
|                     | 4,173,901.99    |

Total investments (capital assets).....\$656,118,097.49

## Current assets:

|                                                              |                 |
|--------------------------------------------------------------|-----------------|
| Cash .....                                                   | \$ 9,493,153.04 |
| Demand loans and deposits.....                               | 151,500.00      |
| Time drafts and deposits.....                                | 405,864.37      |
| Special deposits .....                                       | 1,006,002.80    |
| Loans and bills receivable.....                              | 6,449.10        |
| Traffic and car-service balances receivable..                | 946,755.39      |
| Net balance receivable from agents and con-<br>ductors ..... | 1,166,139.07    |
| Miscellaneous accounts receivable.....                       | 3,176,553.05    |
| Material and supplies.....                                   | 8,979,470.01    |
| Interest and dividends receivable.....                       | 11,884.97       |
| Rents receivable .....                                       | 22,580.83       |
| Other current assets.....                                    | 76,918.89       |

Total current assets.....25,443,271.52

## Deferred assets:

|                            |              |
|----------------------------|--------------|
| Working fund advances..... | \$ 36,983.47 |
| Other deferred assets..... | 128,054.39   |

Total deferred assets.....165,037.86

## Unadjusted debits:

|                                         |              |
|-----------------------------------------|--------------|
| Insurance premiums paid in advance..... | \$ 67,036.75 |
| Discount on funded debt.....            | 3,845,637.31 |
| Other unadjusted debits.....            | 1,849,696.87 |

Total unadjusted debits.....5,762,370.93

Grand Total .....\$687,488,777.80

**GENERAL BALANCE SHEET**

December 31, 1940

**LIABILITIES**

## Capital stock:

Common stock .....\$170,839,100.00

## Governmental Grants:

Grants in aid of construction..... 889,166.90

## Long-term debt:

## Funded debt unmatured:

|                                              |                 |
|----------------------------------------------|-----------------|
| Illinois Division Mortgage 3½'s.....         | \$50,835,000.00 |
| Illinois Division Mortgage 4's.....          | 34,165,000.00   |
| General Mortgage 4's.....                    | 93,414,000.00   |
| First & Refunding Mortgage Series "A" 5's..  | 40,000,000.00   |
| First & Refunding Mortgage Series "B" 4½'s   | 30,000,000.00   |
| First & Refunding Mortgage Series "C" 5's..  | 9,430,000.00    |
| Equipment Trust Certificates of 1936, 2½'s.. | 2,370,000.00    |
| Equipment Trust Certificates of 1937, 2½'s.. | 2,555,000.00    |
| Serial Collateral Trust Notes, 2¼'s.....     | 4,200,000.00    |

Total issued .....\$266,969,000.00

Less held by or for the company..... 38,372,000.00

Total long-term debt outstanding..... 228,597,000.00

## Current liabilities:

|                                               |                 |
|-----------------------------------------------|-----------------|
| Traffic and car-service balances payable..... | \$ 1,497,096.42 |
| Audited accounts and wages payable.....       | 4,314,416.59    |
| Miscellaneous accounts payable.....           | 216,130.39      |
| Interest matured unpaid.....                  | 967,716.48      |
| Unmatured interest accrued.....               | 2,315,079.94    |
| Other current liabilities.....                | 362,686.61      |

Total current liabilities..... 9,673,126.43

## Deferred liabilities:

Other deferred liabilities..... 6,341,592.75

## Unadjusted credits:

|                                      |                 |
|--------------------------------------|-----------------|
| Tax liability .....                  | \$ 5,406,683.34 |
| Premium on funded debt.....          | 31,799.04       |
| Insurance and casualty reserves..... | 1,392,996.20    |
| Accrued depreciation—Equipment ..... | 80,443,144.30   |
| Other unadjusted credits.....        | 2,158,515.15    |

Total unadjusted credits..... 89,433,138.03

## Corporate surplus:

|                                                        |                |
|--------------------------------------------------------|----------------|
| Additions to property through income and surplus ..... | \$ 915,137.69  |
| Funded debt retired through income and surplus .....   | 44,044,176.95  |
| Sinking fund reserves.....                             | 600.00         |
| Profit and loss.....                                   | 136,755,739.05 |

Total corporate surplus..... 181,715,653.69

Grand Total .....\$687,488,777.80

## CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON &amp; QUINCY RAILROAD COMPANY

| Designation of Obligation                | Term             |                                          | Total<br>par value<br>authorized | Total<br>nominally<br>or actually<br>outstanding | Held by<br>or for<br>Company | Actually<br>outstanding<br>in hands<br>of public | Dividends or Interest |                 |                                                                 |
|------------------------------------------|------------------|------------------------------------------|----------------------------------|--------------------------------------------------|------------------------------|--------------------------------------------------|-----------------------|-----------------|-----------------------------------------------------------------|
|                                          | Date of<br>issue | Date of<br>maturity                      |                                  |                                                  |                              |                                                  | Rate                  | When<br>payable | Dividends<br>declared and<br>interest<br>accrued<br>during year |
| <b>CAPITAL STOCK.</b> .....              |                  |                                          | \$170,839,100                    | \$170,839,100                                    |                              | *\$170,839,100                                   | 2%                    | Dec. 24         | \$3,416,774.00                                                  |
| <b>MORTGAGE BONDS</b>                    |                  |                                          |                                  |                                                  |                              |                                                  |                       |                 |                                                                 |
| Illinois Division Mortgage.....          | July 1, 1899     | July 1, 1949                             | \$ 50,835,000                    | \$ 50,835,000                                    | \$ 386,000                   | \$ 50,449,000                                    | 3½                    | J. & J.         | \$1,765,715.00                                                  |
| Illinois Division Mortgage.....          | July 1, 1899     | July 1, 1949                             | 34,165,000                       | 34,165,000                                       | 189,000                      | 33,976,000                                       | 4                     | J. & J.         | 1,359,040.00                                                    |
| General Mortgage.....                    | Mar. 2, 1908     | Mar. 1, 1958                             | 93,414,000                       | 93,414,000                                       | † 28,167,000                 | 65,247,000                                       | 4                     | M. & S.         | 2,609,880.00                                                    |
| First and Refunding Mortgage:            |                  |                                          |                                  |                                                  |                              |                                                  |                       |                 |                                                                 |
| Series A.....                            | Aug. 1, 1921     | Feb. 1, 1971                             | 40,000,000                       | 40,000,000                                       |                              | 40,000,000                                       | 5                     | F. & A.         | 2,000,000.00                                                    |
| Series B.....                            | Feb. 1, 1927     | Feb. 1, 1977                             | 30,000,000                       | 30,000,000                                       | 200,000                      | 29,800,000                                       | 4½                    | F. & A.         | 1,341,000.00                                                    |
| Series C.....                            | Feb. 1, 1938     | Feb. 1, 1948                             | 15,000,000                       | 9,430,000                                        | † 9,430,000                  |                                                  | 5                     | F. & A.         |                                                                 |
| Total.....                               |                  |                                          | \$263,414,000                    | \$257,844,000                                    | \$38,372,000                 | \$219,472,000                                    |                       |                 | \$9,075,635.00                                                  |
| <b>SERIAL COLLATERAL<br/>TRUST NOTES</b> |                  |                                          |                                  |                                                  |                              |                                                  |                       |                 |                                                                 |
| Dec. 1, 1936                             |                  | \$700,000<br>Dec. 1 each<br>Year to 1946 | \$ 7,000,000                     | \$ 4,200,000                                     |                              | \$ 4,200,000                                     | 2¼                    | J. & D.         | \$ 108,937.50                                                   |
| May 1, 1936                              |                  | \$395,000<br>May 1 each<br>year to 1946  | \$ 3,950,000                     | \$ 2,370,000                                     |                              | \$ 2,370,000                                     | 2½                    | M. & N.         | \$ 62,541.66                                                    |
| Oct. 1, 1937                             |                  | \$365,000<br>Oct. 1 each<br>year to 1947 | \$ 3,650,000                     | \$ 2,555,000                                     |                              | \$ 2,555,000                                     | 2½                    | A. & O.         | \$ 70,718.75                                                    |
| <b>EQUIPMENT OBLIGATIONS</b>             |                  |                                          |                                  |                                                  |                              |                                                  |                       |                 |                                                                 |
| Equipment Trust of 1936.....             |                  |                                          |                                  |                                                  |                              |                                                  |                       |                 |                                                                 |
| Equipment Trust of 1937.....             |                  |                                          |                                  |                                                  |                              |                                                  |                       |                 |                                                                 |
| Total Funded Debt.....                   |                  |                                          | \$278,014,000                    | \$266,969,000                                    | \$ 38,372,000                | \$228,597,000                                    |                       |                 | \$9,317,832.91                                                  |

Payments on principal of Collateral Trust Notes and equipment obligations during the year amounted to \$1,460,000.

\*Includes \$400 scrip on which no dividends are paid.

†Includes \$18,294,000 bonds pledged under First and Refunding Mortgage, \$7,873,000 bonds pledged as collateral security for Serial Collateral Trust Notes and \$2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to May 1, 1945.

‡Includes \$800,000 bonds pledged as collateral security for Serial Collateral Trust Notes.

# **EQUIPMENT CONDITIONAL SALE CONTRACTS OF CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY**

## **RAILROAD COMPANY**

19

|                                                        | Date of Issue | Payments of Principal Due                                  | Total Purchase Price | Payment on Delivery | Deferred Payments | Actually Outstanding | Interest |                     |                              |
|--------------------------------------------------------|---------------|------------------------------------------------------------|----------------------|---------------------|-------------------|----------------------|----------|---------------------|------------------------------|
|                                                        |               |                                                            |                      |                     |                   |                      | *Rate    | When Payable        | Interest Accrued During Year |
| First National Bank of Chicago                         | Dec. 24, 1937 | 1st each month to Jan. 1946                                | \$ 596,000           | .....               | \$ 596,000        | \$ 363,560           | 2¾%      | 1st of each month   | \$ 10,066.19                 |
| First National Bank of Chicago                         | Oct. 15, 1938 | 1st each month to Sept. 1947                               | 409,574              | \$ 49,574           | 360,000           | 297,787              | 2¾%      | 1st of each month   | 8,008.40                     |
| First National Bank of Chicago                         | May 15, 1939  | 23rd of each month to Oct. 1947                            | 309,472              | .....               | 309,472           | 258,865              | 2¾%      | each mo.            | 7,626.90                     |
| First National Bank of Chicago                         | Oct. 23, 1939 | Semi-annual May 1 and Nov. 1 to Nov. 1945.                 | 1,860,790            | 188,000             | 1,672,790         | 1,672,790            | 2%       | M. & N.             | 21,125.43                    |
| First National Bank of Chicago                         | Dec. 18, 1939 | Semi-annual Mar. 1 and Sept. 1 to Mar. 1950                | 358,955              | 35,896              | 323,059           | 318,537              | 2%       | M. & S.             | 6,798.92                     |
| First National Bank of Chicago                         | Dec. 22, 1939 | Semi-annual Mar. 1 and Sept. 1 to Mar. 1950                | 1,296,472            | 129,647             | 1,166,825         | 1,150,687            | 2%       | M. & S.             | 24,557.84                    |
| National Bank of Detroit.....                          | Apr. 29, 1940 | 1st each month to Nov. 1948                                | 592,806              | .....               | 592,806           | 565,173              | 1¾%      | 1st of each month   | 5,232.33                     |
| First National Bank of Chicago                         | June 6, 1940  | Semi-annual Jan. 1 and July 1, to July 1950                | 1,085,335            | 108,533             | 976,802           | 976,801              | 2%       | J. & J.             | 11,874.23                    |
| †Harris Trust and Savings Bank, Chicago, Trustee Owner | Aug. 28, 1940 | Quarterly Mar. 1, June 1, Sept. 1 and Dec. 1 to Sept. 1950 | .....                | .....               | .....             | 632,800              | 2¼%      | 1st of each quarter | 575.25                       |
| Total Conditional Sale Contracts.....                  |               |                                                            | .....                | .....               | .....             | \$6,237,000          |          |                     | \$95,865.49                  |

Payments of principal on contracts during the year amounted to \$655,466.  
 Conditional Sale Contracts are included in balance sheet account "Other Deferred Liabilities".  
 †Equipment under construction. Total cost, estimated, \$2,800,000.  
 \*Effective May 1, 1941 interest rates on all Sale Contracts with First National Bank of Chicago will be reduced to 2%.

### DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

|                                                        |                      |
|--------------------------------------------------------|----------------------|
| Actually outstanding in hands of public.....           | \$228,597,000        |
| Nominally outstanding, held for or by the company..... | 38,372,000           |
|                                                        | <u>\$266,969,000</u> |

#### Illinois Division Mortgage

This mortgage is a first lien on 1,600.91 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and certain points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

**No Change in Amount Outstanding During Year**

#### General Mortgage

This mortgage is a lien on 7,998.24 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject, as to a certain part, to the lien of the Illinois Division Mortgage.

|                                                                                      |                   |
|--------------------------------------------------------------------------------------|-------------------|
| The General Mortgage covers.....                                                     | Miles<br>7,998.24 |
| Of which there are subject to the prior lien of the Illinois Division Mortgage ..... | 1,600.91          |

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No provision in mortgage for redemption of bonds.

**No Change in Amount Outstanding During Year**

#### First and Refunding Mortgage

This mortgage is a lien on 8,481.32 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all terminals, property and equipment appurtenant thereto. This lien is subject to the prior liens of the mortgages described above:

|                                                            |                   |
|------------------------------------------------------------|-------------------|
| The Mortgage covers.....                                   | Miles<br>8,481.32 |
| Of which there are subject to prior liens                  |                   |
| Of the Illinois Division Mortgage and the General Mortgage | 1,600.91          |
| Of the General Mortgage only.....                          | 6,397.33          |

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also \$18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the Company on sixty days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

Series C bonds dated February 1, 1938, due February 1, 1948, issued and pledged as collateral for a short term bank loan and additional collateral under the Serial Collateral Trust Notes. \$8,630,000 have been released from pledge and are now held in Company's Treasury.

**No Change in Amount Outstanding During Year**

**MILEAGE**

| Owned                            | Miles of Road | Second Track | Third Track | Fourth Track | Yard Tracks and Sidings* | Total     |
|----------------------------------|---------------|--------------|-------------|--------------|--------------------------|-----------|
| Colorado...                      | 395.46        | .47          | .....       | .....        | 177.82                   | 573.75    |
| Illinois.....                    | 1,616.56      | 472.70       | 40.89       | 5.43         | 1,075.35                 | 3,210.93  |
| Iowa.....                        | 1,156.44      | 248.58       | .....       | .....        | 320.95                   | 1,725.97  |
| Kansas.....                      | 221.91        | .....        | .....       | .....        | 28.82                    | 250.73    |
| Minnesota.....                   | 23.09         | 2.71         | .....       | .....        | 40.97                    | 66.77     |
| Missouri.....                    | 1,183.81      | 112.82       | .....       | .....        | 414.40                   | 1,711.03  |
| Montana.....                     | 134.36        | .....        | .....       | .....        | 48.94                    | 183.30    |
| Nebraska.....                    | 2,779.87      | 29.53        | .....       | .....        | 829.78                   | 3,639.18  |
| South Dakota...                  | 174.71        | .....        | .....       | .....        | 56.57                    | 231.28    |
| Wisconsin.....                   | 220.25        | 212.85       | .....       | .....        | 69.49                    | 502.59    |
| Wyoming.....                     | 677.78        | .....        | .....       | .....        | 229.44                   | 907.22    |
| Total.....                       | 8,584.24      | 1,079.66     | 40.89       | 5.43         | 3,292.53                 | 13,002.75 |
| Operated under lease or contract | 373.76        | 125.72       | .76         | .76          | 387.89                   | 888.89    |
| Grand Total..                    | 8,958.00      | 1,205.38     | 41.65       | 6.19         | 3,680.42                 | 13,891.64 |

\*Includes yard tracks and sidings owned but not operated as follows:  
Colorado .60 mile, Illinois 1.30 miles, Iowa .71 mile, total 2.61.

## COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

|                                            | 1940             | 1939             | INCREASE        | DECREASE      |
|--------------------------------------------|------------------|------------------|-----------------|---------------|
| <b>RAILWAY OPERATING REVENUES—</b>         |                  |                  |                 |               |
| TRANSPORTATION:                            |                  |                  |                 |               |
| Freight.....                               | \$ 78,198,344.31 | \$ 76,853,602.61 | \$ 1,344,741.70 |               |
| Passenger.....                             | 8,964,197.33     | 9,167,835.40     |                 | \$ 203,638.07 |
| Excess baggage.....                        | 25,839.62        | 27,401.95        |                 | 1,562.33      |
| Parlor and chair car.....                  | 47,128.51        | 51,154.54        |                 | 4,026.03      |
| Mail.....                                  | 4,305,829.95     | 4,189,777.05     | 116,052.90      |               |
| Express.....                               | 1,573,992.96     | 1,526,822.65     | 47,170.31       |               |
| Other passenger train.....                 | 113,154.26       | 110,088.46       | 3,065.80        |               |
| Milk.....                                  | 177,509.26       | 178,630.68       |                 | 1,121.42      |
| Switching.....                             | 2,119,019.76     | 1,972,822.60     | 146,197.16      |               |
| Total.....                                 | \$ 95,525,015.96 | \$ 94,078,135.94 | \$ 1,446,880.02 |               |
| <b>INCIDENTAL:</b>                         |                  |                  |                 |               |
| Dining and buffet.....                     | \$ 574,623.72    | \$ 581,399.42    |                 | \$ 6,775.70   |
| Hotel and restaurant.....                  | 59,756.02        | 56,306.99        | \$ 3,449.03     |               |
| Station and train privileges.....          | 21,278.34        | 22,992.78        |                 | 1,714.44      |
| Parcel room.....                           | 866.30           | 1,083.50         |                 | 217.20        |
| Storage—Freight.....                       | 11,627.28        | 15,118.93        |                 | 3,491.65      |
| Storage—Baggage.....                       | 1,837.05         | 1,974.52         |                 | 137.47        |
| Demurrage.....                             | 125,010.17       | 105,727.15       | 19,283.02       |               |
| Telegraph and telephone.....               | 139,208.12       | 135,145.23       | 4,062.89        |               |
| Stockyard.....                             | 160,202.93       | 142,835.37       | 17,367.56       |               |
| Power.....                                 | 72,560.13        | 75,250.65        |                 | 2,690.52      |
| Rents of buildings and other property..... | 210,660.06       | 202,776.33       | 7,883.73        |               |
| Miscellaneous.....                         | 324,151.39       | 334,666.38       |                 | 10,514.99     |
| Total.....                                 | \$ 1,701,781.51  | \$ 1,675,277.25  | \$ 26,504.26    |               |
| Joint facility—Cr.....                     | \$ 410,110.81    | \$ 383,711.80    | \$ 26,399.01    |               |
| Joint facility—Dr.....                     | 5,666.15         | Dr. 5,330.64     |                 | \$ 335.51     |
| Total.....                                 | \$ 404,444.66    | \$ 378,381.16    | \$ 26,063.50    |               |
| Total railway operating revenues.....      | \$ 97,631,242.13 | \$ 96,131,794.35 | \$ 1,499,447.78 |               |

| RAILWAY OPERATING EXPENSES—          |                 |                 |             |              |
|--------------------------------------|-----------------|-----------------|-------------|--------------|
| MAINTENANCE OF WAY AND STRUCTURES    |                 |                 |             |              |
| Superintendence.....                 | \$ 1,120,023.38 | \$ 1,114,575.25 | \$ 5,448.13 | .....        |
| Roadway maintenance.....             | 708,644.17      | 719,830.27      | .....       | \$ 11,186.10 |
| Tunnels and subways.....             | 9,454.12        | 10,310.43       | .....       | 856.31       |
| Bridges, trestles and culverts.....  | 458,644.27      | 613,997.74      | .....       | 155,353.47   |
| Ties.....                            | 2,481,483.96    | 2,731,456.21    | .....       | 249,972.25   |
| Rails.....                           | 620,094.06      | 516,368.26      | .....       | .....        |
| Other track material.....            | 1,291,365.61    | 973,650.37      | .....       | .....        |
| Ballast.....                         | 337,476.81      | 170,038.10      | .....       | .....        |
| Track laying and surfacing.....      | 2,938,416.20    | 2,987,611.95    | .....       | 49,195.75    |
| Fences, snow sheds and signs.....    | 136,766.76      | 112,486.54      | .....       | .....        |
| Station and office buildings.....    | 440,513.37      | 387,429.83      | .....       | .....        |
| Roadway buildings.....               | 83,516.83       | 80,516.75       | .....       | .....        |
| Water stations.....                  | 191,466.05      | 179,434.72      | .....       | .....        |
| Fuel stations.....                   | 90,506.78       | 78,155.78       | .....       | .....        |
| Shops and engine houses.....         | 500,494.34      | 434,598.65      | .....       | .....        |
| Wharves and docks.....               | 237.45          | 470.49          | .....       | .....        |
| Telegraph and telephone lines.....   | 25,644.09       | 54,709.61       | .....       | 233.04       |
| Signals and interlockers.....        | 596,869.84      | 507,397.80      | .....       | 29,065.52    |
| Power plants.....                    | 7,198.73        | 6,106.59        | .....       | .....        |
| Power-transmission systems.....      | 27,789.82       | 30,535.54       | .....       | 2,745.72     |
| Miscellaneous structures.....        | 17,759.84       | 16,187.60       | .....       | .....        |
| Roadway machines.....                | 210,102.16      | 163,738.79      | .....       | .....        |
| Small tools and supplies.....        | 147,998.78      | 132,566.89      | .....       | .....        |
| Removing snow, ice and sand.....     | 265,857.16      | 116,811.49      | .....       | .....        |
| Public improvements—Maintenance..... | 144,650.85      | 116,537.05      | .....       | .....        |
| Injuries to persons.....             | 118,165.45      | 65,140.50       | .....       | .....        |
| Insurance.....                       | 21,862.31       | 34,865.37       | .....       | .....        |
| Stationery and printing.....         | 18,076.49       | 16,079.71       | .....       | .....        |
| Other expenses.....                  | 1,915.13        | 2,525.72        | .....       | .....        |
|                                      |                 |                 |             | 13,003.06    |
|                                      |                 |                 |             | 610.59       |

## COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

|                                                          | 1940             | 1939             | INCREASE      | DECREASE      |
|----------------------------------------------------------|------------------|------------------|---------------|---------------|
| Maintaining joint tracks, yards and other facilities—Dr. | \$ 554,090.43    | \$ 636,514.21    |               | \$ 82,423.78  |
| Maintaining joint tracks, yards and other facilities—Cr. | 216,204.43       | 166,145.52       |               | 50,058.91     |
| Right-of-way expenses                                    | 2,397.81         | 262.31           | \$ 2,135.50   |               |
| Total                                                    | \$ 13,353,278.62 | \$ 12,844,765.00 | \$ 508,513.62 |               |
| MAINTENANCE OF EQUIPMENT                                 |                  |                  |               |               |
| Superintendence                                          | \$ 649,849.98    | \$ 650,528.67    |               | \$ 678.69     |
| Shop machinery                                           | 407,004.06       | 435,545.18       |               | 28,541.12     |
| Power-plant machinery                                    | 73,451.26        | 56,441.06        | \$ 17,010.20  |               |
| Steam locomotives—Repairs                                | 4,185,836.11     | 4,584,858.31     |               | 399,022.20    |
| Other locomotives—Repairs                                | 355,745.46       | 274,179.85       | 81,565.61     |               |
| Freight-train cars—Repairs                               | 3,564,779.25     | 4,019,229.07     |               | 454,449.82    |
| Passenger-train cars—Repairs                             | 1,535,371.71     | 1,484,737.91     | 50,633.80     |               |
| Work equipment—Repairs                                   | 332,331.84       | 368,524.46       |               | 36,192.62     |
| Miscellaneous equipment—Repairs                          | 8,361.48         | 7,736.00         | 625.48        |               |
| Injuries to persons                                      | 85,461.37        | 50,792.26        | 34,669.11     |               |
| Insurance                                                | 73,126.20        | 51,132.53        | 21,993.67     |               |
| Stationery and printing                                  | 11,522.14        | 9,348.57         | 2,173.57      |               |
| Other expenses                                           | 2,061.19         | 3,852.63         |               | 1,791.44      |
| Maintaining joint equipment—Dr.                          | 164,508.50       | 158,889.12       | 5,619.38      |               |
| Maintaining joint equipment—Cr.                          | 9,996.09         | 12,711.22        | 2,715.13      |               |
| Total                                                    | \$ 11,439,414.46 | \$ 12,143,084.40 |               | \$ 703,669.94 |
| Equipment—Retirements                                    | \$ 13,725.35     | \$ 32,752.86     |               | \$ 19,027.51  |
| Equipment—Depreciation                                   | 5,330,548.56     | 5,206,156.07     | \$ 124,392.49 |               |
| Total                                                    | \$ 5,344,273.91  | \$ 5,238,908.93  | \$ 105,364.98 |               |
| Total                                                    | \$ 16,783,688.37 | \$ 17,381,993.33 |               | \$ 598,304.96 |

## TRAFFIC

|                                         |                 |                 |             |              |
|-----------------------------------------|-----------------|-----------------|-------------|--------------|
| Superintendence.....                    | \$ 836,230.54   | \$ 830,335.93   | \$ 5,894.61 | .....        |
| Outside agencies.....                   | 1,337,823.90    | 1,337,489.95    | 333.95      | .....        |
| Advertising.....                        | 447,263.88      | 452,653.00      | .....       | \$ 5,389.12  |
| Traffic associations.....               | 67,343.53       | 72,939.72       | .....       | 5,596.19     |
| Industrial and immigration bureaus..... | 33,627.78       | 23,366.43       | 10,261.35   | .....        |
| Insurance.....                          | 449.32          | 439.89          | 9.43        | .....        |
| Stationery and printing.....            | 177,126.54      | 199,966.87      | .....       | 22,840.33    |
| Other expenses.....                     | 15,315.66       | 13,893.52       | 1,422.14    | .....        |
| Total.....                              | \$ 2,915,181.15 | \$ 2,931,085.31 | .....       | \$ 15,904.16 |

## TRANSPORTATION

|                                                 |               |               |              |             |
|-------------------------------------------------|---------------|---------------|--------------|-------------|
| Superintendence.....                            | \$ 860,317.45 | \$ 847,629.16 | \$ 12,688.29 | .....       |
| Dispatching trains.....                         | 529,226.28    | 511,716.80    | 17,509.48    | .....       |
| Station employees.....                          | 5,077,428.29  | 5,067,141.51  | 10,286.78    | .....       |
| Weighing, inspection and demurrage bureaus..... | 157,513.49    | 160,618.15    | .....        | \$ 3,104.66 |
| Station supplies and expenses.....              | 341,819.86    | 318,228.53    | 23,591.33    | .....       |
| Yardmasters and yard clerks.....                | 822,947.51    | 816,639.56    | 6,307.95     | .....       |
| Yard conductors and brakemen.....               | 2,592,734.39  | 2,471,766.19  | 120,968.20   | .....       |
| Yard switch and signal tenders.....             | 130,721.93    | 126,814.88    | 3,907.05     | .....       |
| Yard enginemen.....                             | 1,580,168.61  | 1,421,823.02  | 158,645.59   | .....       |
| Yard motormen.....                              | 275,880.77    | 186,855.73    | 89,025.04    | .....       |
| Yard switching fuel.....                        | 599,166.36    | 597,568.86    | 1,597.50     | .....       |
| Water for yard locomotives.....                 | 89,074.00     | 85,847.88     | 3,226.12     | .....       |
| Lubricants for yard locomotives.....            | 25,875.18     | 22,494.83     | 3,380.35     | .....       |
| Other supplies for yard locomotives.....        | 23,847.10     | 24,569.45     | .....        | 722.35      |
| Engine-house expenses—Yard.....                 | 293,737.48    | 292,417.38    | 1,320.10     | .....       |
| Yard supplies and expenses.....                 | 52,449.09     | 52,983.79     | .....        | 534.70      |
| Operating joint yards and terminals—Dr.....     | 1,643,608.10  | 1,564,448.80  | 79,159.30    | .....       |
| Operating joint yards and terminals—Cr.....     | 151,679.28    | 148,111.97    | .....        | 3,567.31    |
| Train enginemen.....                            | 4,040,915.06  | 4,123,151.64  | .....        | 82,236.58   |
| Train motormen.....                             | 564,710.60    | 435,082.99    | 129,627.61   | .....       |
| Train fuel.....                                 | 4,416,671.73  | 4,238,901.82  | 157,769.91   | .....       |
| Water for train locomotives.....                | 401,003.35    | 408,963.79    | .....        | 7,960.44    |
| Lubricants for train locomotives.....           | 156,610.51    | 144,373.72    | 12,236.79    | .....       |
| Other supplies for train locomotives.....       | 76,903.43     | 85,000.87     | .....        | 8,097.44    |
| Engine-house expenses—Train.....                | 896,385.96    | 873,686.54    | 22,699.42    | .....       |

## COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

|                                                     | 1940             | 1939             | INCREASE        | DECREASE    |
|-----------------------------------------------------|------------------|------------------|-----------------|-------------|
| Trainmen.....                                       | \$ 5,217,543.21  | \$ 5,128,164.88  | \$ 89,378.33    | .....       |
| Train supplies and expenses.....                    | 2,019,206.68     | 1,991,221.73     | 27,984.95       | .....       |
| Signal and interlocker operations.....              | 432,775.23       | 417,485.22       | 15,290.01       | .....       |
| Crossing protection.....                            | 310,662.24       | 314,123.51       | .....           | \$ 3,461.27 |
| Drawbridge operation.....                           | 16,563.48        | 15,640.37        | 923.11          | .....       |
| Telegraph and telephone operation.....              | 330,238.14       | 305,888.05       | 24,350.09       | .....       |
| Stationery and printing.....                        | 129,026.78       | 119,625.58       | 9,401.20        | .....       |
| Other expenses.....                                 | 209,249.51       | 191,352.94       | 17,896.57       | .....       |
| Operating joint tracks and facilities—Dr.....       | 333,237.13       | 319,577.57       | 13,659.56       | .....       |
| Operating joint tracks and facilities—Cr.....       | 193,829.84       | 187,059.28       | .....           | 6,770.56    |
| Insurance.....                                      | 13,647.87        | 15,070.44        | .....           | 1,422.57    |
| Clearing wrecks.....                                | 31,659.57        | 45,071.49        | .....           | 13,411.92   |
| Damage to property.....                             | 81,319.06        | 80,921.77        | 397.29          | .....       |
| Damage to live stock on right-of-way.....           | 58,052.14        | 58,560.95        | .....           | 508.81      |
| Loss and damage—Freight.....                        | 440,819.26       | 417,569.57       | 23,249.69       | .....       |
| Loss and damage—Baggage.....                        | 1,055.94         | 754.14           | 301.80          | .....       |
| Injuries to persons.....                            | 348,159.55       | 272,713.14       | 75,446.41       | .....       |
| Total.....                                          | \$ 35,277,423.20 | \$ 34,256,995.99 | \$ 1,020,427.21 | .....       |
| MISCELLANEOUS OPERATIONS                            |                  |                  |                 |             |
| Dining and buffet service.....                      | \$ 947,531.33    | \$ 940,286.20    | \$ 7,245.13     | .....       |
| Hotels and restaurants.....                         | 62,788.47        | 61,983.52        | 804.95          | .....       |
| Stockyards.....                                     | 134,873.76       | 137,749.86       | .....           | \$ 2,876.10 |
| Producing power sold.....                           | 38,549.66        | 34,784.13        | 3,765.53        | .....       |
| Total.....                                          | \$ 1,183,743.22  | \$ 1,174,803.71  | \$ 8,939.51     | .....       |
| GENERAL                                             |                  |                  |                 |             |
| Salaries and expenses of general officers.....      | \$ 242,056.70    | \$ 242,529.32    | .....           | \$ 472.62   |
| Salaries and expenses of clerks and attendants..... | 1,592,908.80     | 1,565,885.27     | \$ 27,023.53    | .....       |
| General office supplies and expenses.....           | 81,758.74        | 81,303.95        | 454.79          | .....       |
| Law expenses.....                                   | 208,952.65       | 211,514.89       | .....           | 2,562.24    |
| Insurance.....                                      | 818.74           | 1,003.11         | .....           | 184.37      |
| Relief department expenses.....                     | 64,547.05        | 61,092.67        | 3,454.38        | .....       |

## GENERAL—Cont.

|                                           |                     |                               |               |       |
|-------------------------------------------|---------------------|-------------------------------|---------------|-------|
| Pensions.....                             | \$ 100,487.94       | \$ 96,203.51                  | \$ 4,284.43   | ..... |
| Stationery and printing.....              | 53,328.71           | 48,480.56                     | 4,848.15      | ..... |
| Valuation expenses.....                   | 4,408.10            | 3,674.66                      | 733.44        | ..... |
| Other expenses.....                       | 130,396.33          | 124,727.23                    | 5,669.10      | ..... |
| General joint facilities—Dr.....          | 60,713.72           | 56,700.78                     | 4,012.94      | ..... |
| General joint facilities—Cr.....          | 220.60              | 1,112.20                      | 891.60        | ..... |
| Total.....                                | \$ 2,540,156.88     | \$ 2,492,003.75               | \$ 48,153.13  | ..... |
| Transportation for investment—Credit..... | Cr. \$ 199,598.74   | Cr. \$ 195,751.15             | \$ 3,847.59   | ..... |
| Total railway operating expenses.....     | \$ 71,853,872.70    | \$ 70,885,895.94              | \$ 967,976.76 | ..... |
| Operating Ratio.....                      | 73.60               | 73.74                         | 14            | ..... |
| Net revenue from railway operations.....  | \$ 25,777,369.43    | \$ 25,245,898.41              | \$ 531,471.02 | ..... |
| Railway tax accruals.....                 | \$ 8,697,632.09     | \$ 8,616,802.38               | \$ 80,829.71  | ..... |
| Railway operating income.....             | \$ 17,079,737.34    | \$ 16,629,096.03              | \$ 450,641.31 | ..... |
| RENT INCOME                               |                     |                               |               |       |
| Rent from equipment.....                  | \$ 355,183.27       | \$ 314,196.11                 | \$ 40,987.16  | ..... |
| Joint facility rent income.....           | 542,230.92          | 559,471.01                    | 17,240.09     | ..... |
| Total rent income.....                    | \$ 897,414.19       | \$ 873,667.12                 | \$ 23,747.07  | ..... |
| RENTS PAYABLE                             |                     |                               |               |       |
| Rent for equipment.....                   | \$ 2,308,118.61     | \$ 2,541,467.25               | \$ 233,348.64 | ..... |
| Joint facility rents.....                 | 2,586,255.26        | 2,690,844.02                  | 104,588.76    | ..... |
| Total rents payable.....                  | \$ 4,894,373.87     | \$ 5,232,311.27               | \$ 337,937.40 | ..... |
| Net rents.....                            | Dr. \$ 3,996,959.68 | Dr. \$ 4,358,644.15           | \$ 361,684.47 | ..... |
| Net railway operating income.....         | \$ 13,082,777.66    | \$ 12,270,451.88 <sup>2</sup> | \$ 812,325.78 | ..... |

No excess profits taxes accrued or were payable for the year 1940.

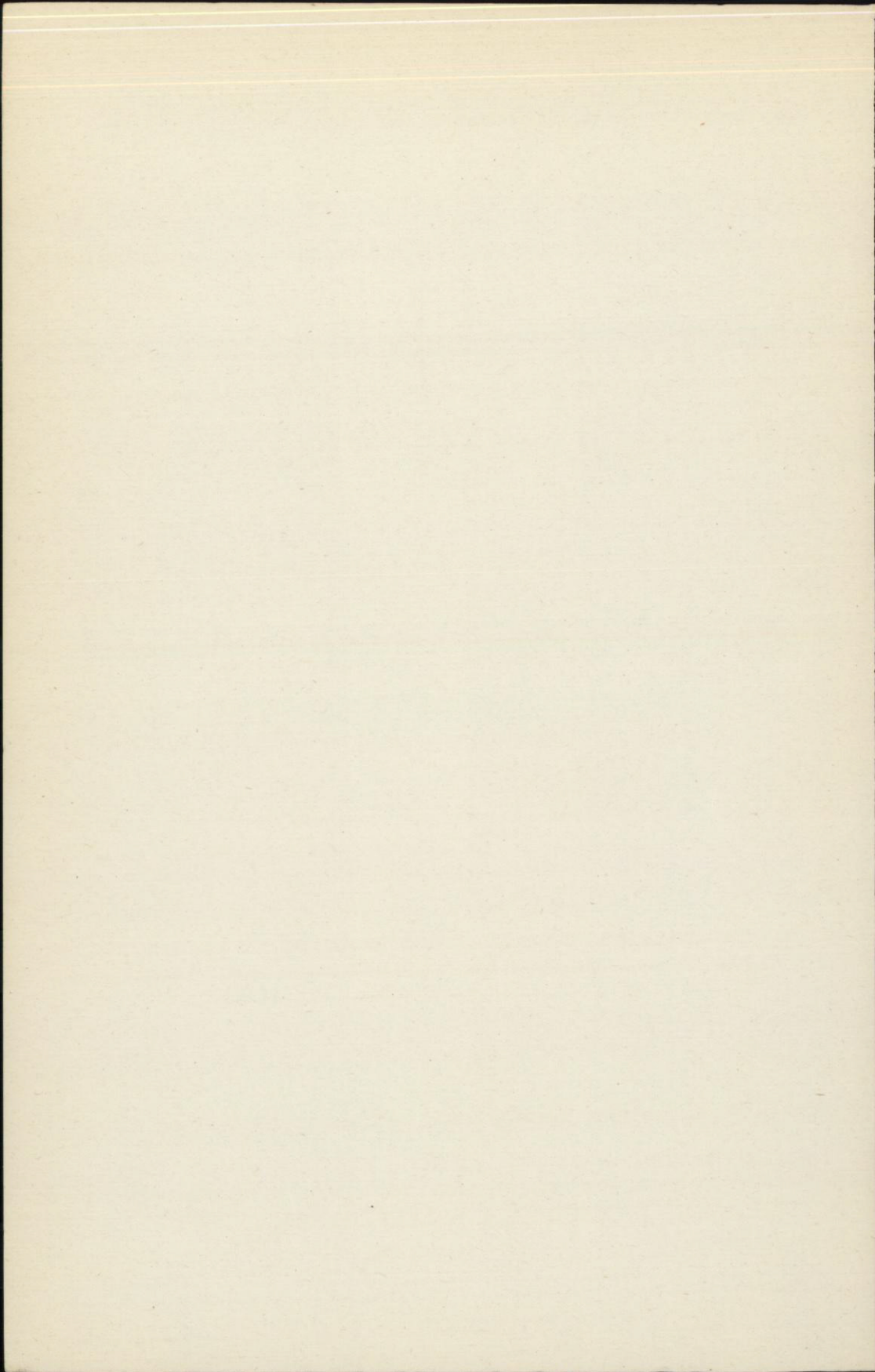
## COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

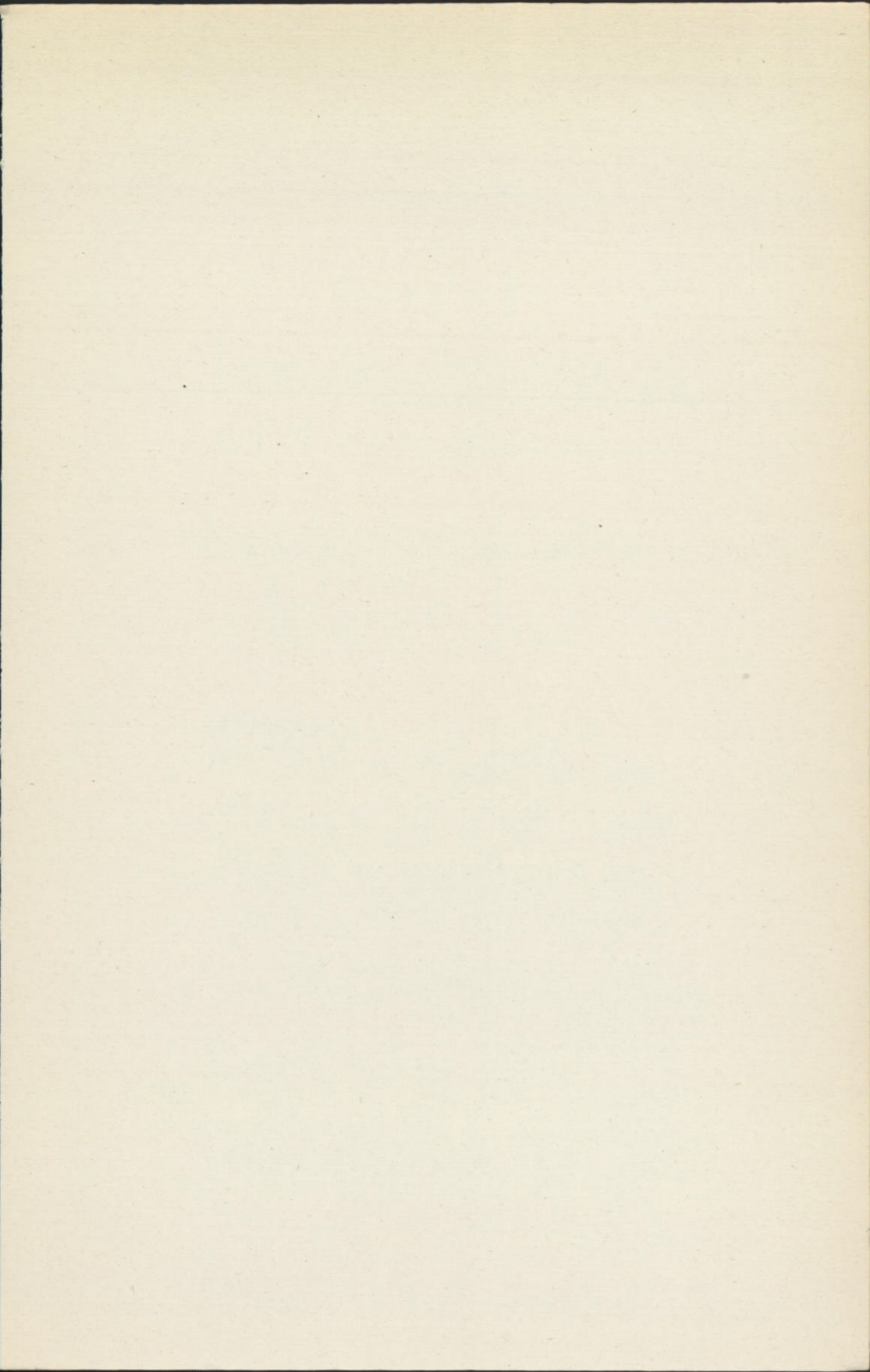
|                                                   | 1940            | 1939            | INCREASE      | DECREASE     |
|---------------------------------------------------|-----------------|-----------------|---------------|--------------|
| <b>OTHER INCOME</b>                               |                 |                 |               |              |
| Income from lease of road and equipment.....      | \$ 121,509.97   | \$ 122,682.56   | .....         | \$ 1,172.59  |
| Miscellaneous rent income.....                    | 545,041.02      | 508,711.57      | \$ 36,329.45  | .....        |
| Miscellaneous nonoperating physical property..... | 94,987.84       | 128,915.79      | .....         | 33,927.95    |
| Dividend income.....                              | 105,522.79      | 169,019.59      | .....         | 63,496.80    |
| Income from funded securities.....                | 153,914.13      | 153,763.57      | 150.56        | .....        |
| Income from unfunded securities and accounts..... | 31,410.61       | 30,379.67       | 1,030.94      | .....        |
| Release of premiums on funded debt .....          | 11,846.72       | 13,717.26       | .....         | 1,870.54     |
| Miscellaneous income.....                         | 6,298.65        | 7,775.06        | .....         | 1,476.41     |
| Total other income.....                           | \$ 1,070,531.73 | \$ 1,134,965.07 | .....         | \$ 64,433.34 |
| Total income.....                                 | \$14,153,309.39 | \$13,405,416.95 | \$ 747,892.44 | .....        |
| <b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>       |                 |                 |               |              |
| Miscellaneous rents.....                          | \$ 30,776.28    | \$ 24,290.35    | \$ 6,485.93   | .....        |
| Miscellaneous tax accruals.....                   | 65,170.34       | 67,842.47       | .....         | \$ 2,672.13  |
| Miscellaneous income charges.....                 | 6,347.36        | 6,479.77        | .....         | 132.41       |
| Total miscellaneous deductions.....               | \$ 102,293.98   | \$ 98,612.59    | \$ 3,681.39   | .....        |
| Income available for fixed charges.....           | \$14,051,015.41 | \$13,306,804.36 | \$ 744,211.05 | .....        |
| <b>FIXED CHARGES</b>                              |                 |                 |               |              |
| Rent for leased roads and equipment.....          | \$ 81,142.87    | \$ 85,228.30    | .....         | \$ 4,085.43  |
| Interest on funded debt.....                      | 9,320,917.78    | 9,376,771.02    | .....         | 55,853.24    |
| Interest on unfunded debt .....                   | 104,033.95      | 30,093.13       | \$ 73,940.82  | .....        |
| Amortization of discount on funded debt.....      | 152,056.94      | 153,372.56      | .....         | 1,315.62     |
| Total fixed charges.....                          | \$ 9,658,151.54 | \$ 9,645,465.01 | \$ 12,686.53  | .....        |
| Net income.....                                   | \$ 4,392,863.87 | \$ 3,661,339.35 | \$ 731,524.52 | .....        |
| Dividend appropriations of income.....            | \$ 3,416,774.00 | \$ 3,416,774.00 | .....         | .....        |
| Income balance transferred to Profit and Loss     | \$ 976,089.87   | \$ 244,565.35   | \$ 731,524.52 | .....        |

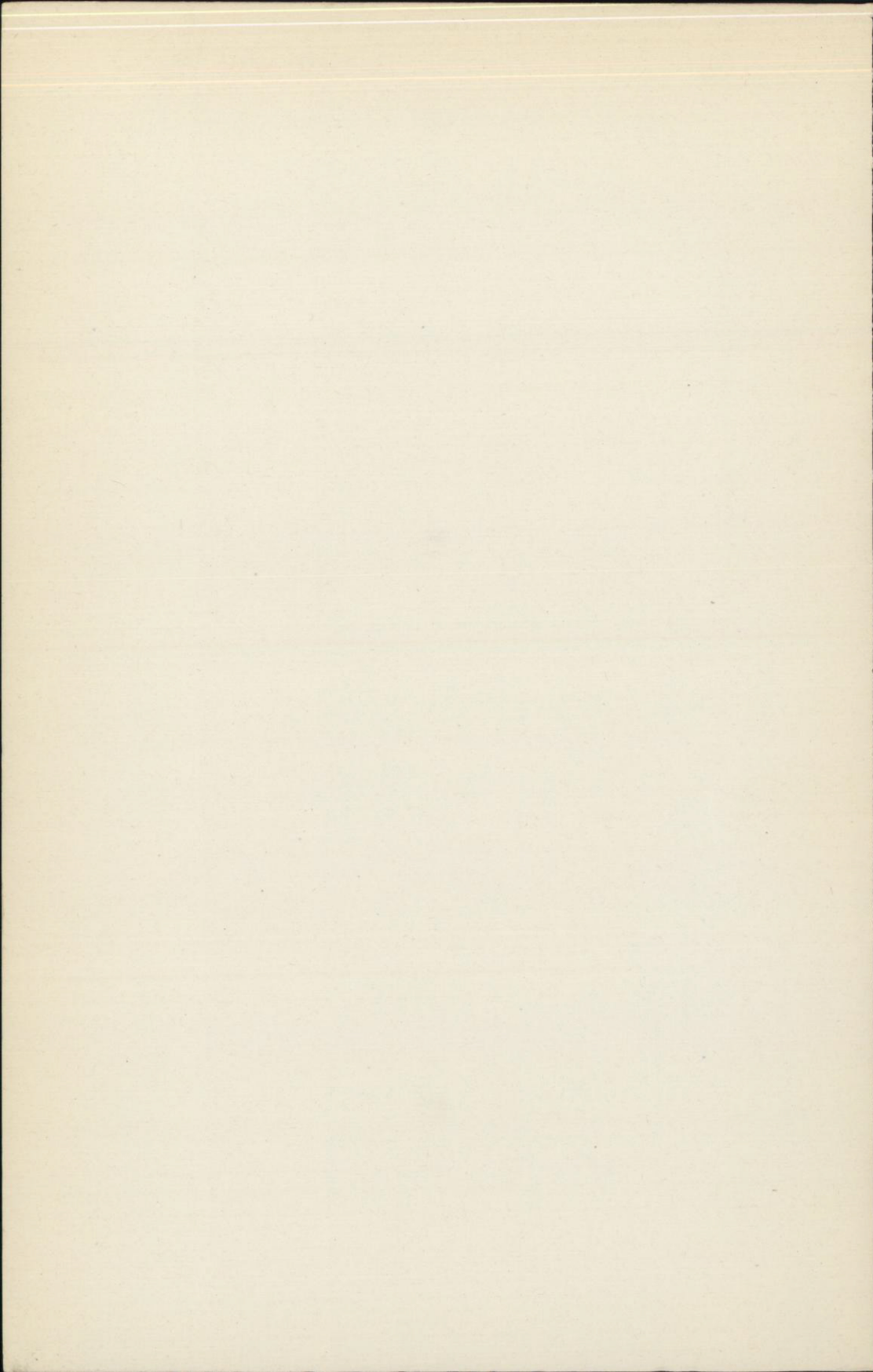
## COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

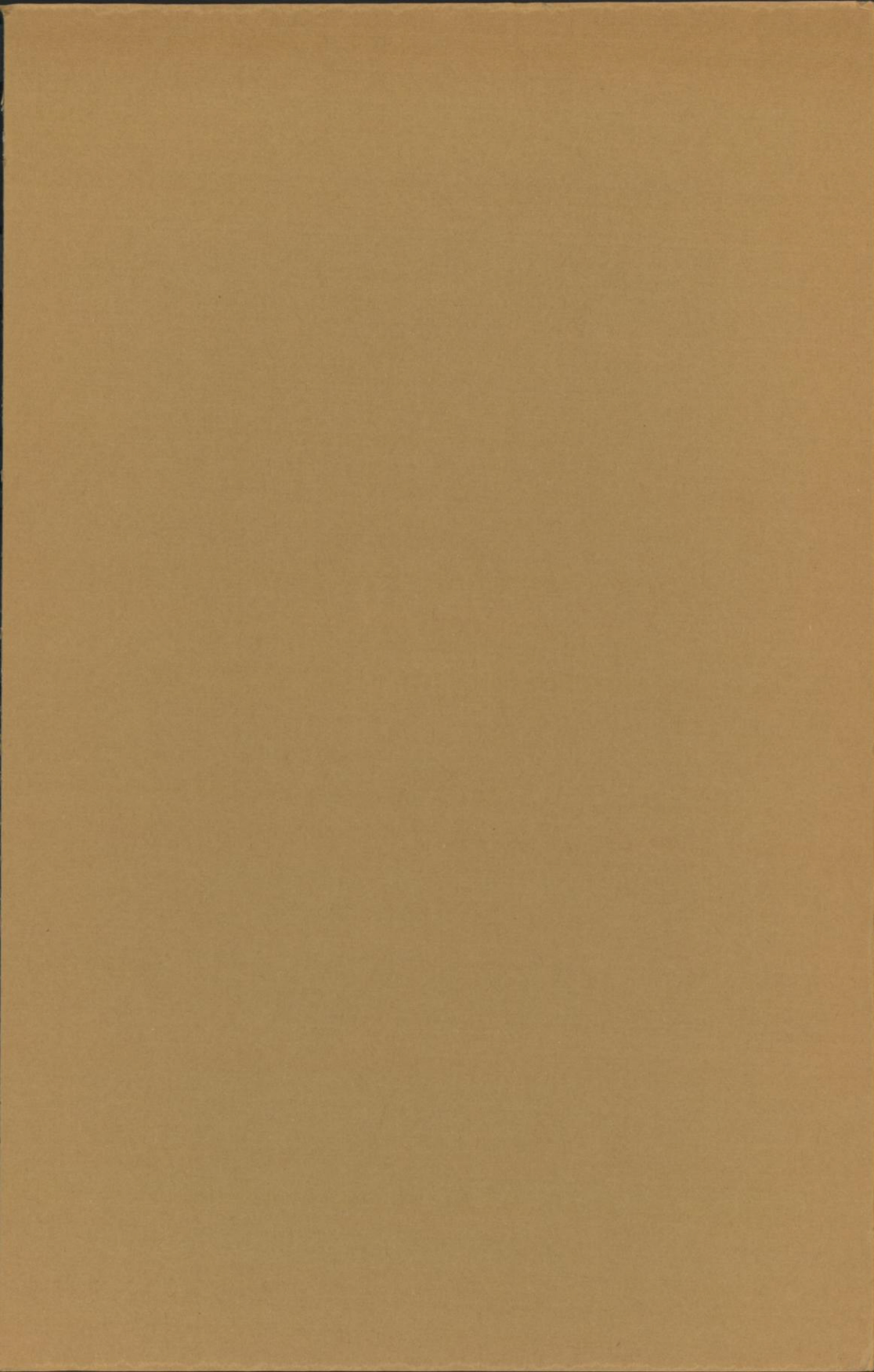
|                                                               | 1940             | 1939             | INCREASE      | DECREASE        |
|---------------------------------------------------------------|------------------|------------------|---------------|-----------------|
| <b>DEBITS:</b>                                                |                  |                  |               |                 |
| Surplus appropriated for investment in physical property..... | \$ 17,174.71     | \$ 15,072.31     | \$ 2,102.40   | .....           |
| Debits from retired road and equipment.....                   | 2,022,170.26     | 1,239,168.43     | 783,001.83    | .....           |
| Miscellaneous debits.....                                     | 354,655.37       | 3,630,516.53     | .....         | \$ 3,275,861.16 |
| Credit balance carried to balance sheet.....                  | 136,755,739.05   | 138,107,083.88   | .....         | 1,351,344.83    |
|                                                               | \$139,149,739.39 | \$142,991,841.15 | .....         | \$ 3,842,101.76 |
| <b>CREDITS:</b>                                               |                  |                  |               |                 |
| Credit balance at beginning of year.....                      | \$138,107,083.88 | \$142,631,907.20 | .....         | \$ 4,524,823.32 |
| Credit balance transferred from income.....                   | 976,089.87       | 244,565.35       | \$ 731,524.52 | .....           |
| Credit from retired road and equipment.....                   | 3,213.56         | 63,095.00        | .....         | 59,881.44       |
| Donations.....                                                | 17,174.71        | 15,072.31        | 2,102.40      | .....           |
| Miscellaneous credits.....                                    | 46,177.37        | 37,201.29        | 8,976.08      | .....           |
|                                                               | \$139,149,739.39 | \$142,991,841.15 | .....         | \$ 3,842,101.76 |











1940

